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Chairman: Mr. Ahounou (Vice-Chairman) (Côte d'Ivoire)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Mselle

Contents

Agenda item 120: United Nations common system (*continued*)

Agenda item 121: United Nations pension system (*continued*)

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In the absence of Mr. Abelian (Armenia), Mr. Ahounou (Côte d'Ivoire), Vice-Chairman, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 120: United Nations common system
(continued) (A/52/811; A/53/30 and Corr.1; A/C.5/53/27)

1. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, commended the International Civil Service Commission (ICSC) for having submitted a report whose format and presentation reflected the recommendations contained in paragraphs 24 and 25 of General Assembly resolution 52/214 B. No attempt should be made to modify the important role of ICSC in the regulation and coordination of conditions of service throughout the common system. The participation of staff representatives in the Commission's work was still limited, yet such participation could enhance the outcome of the Commission's deliberations. He asked for clarification of the conclusion, in paragraph 19 of the ICSC report (A/53/30), that some of the comments and recommendations made by the Board of Auditors as a result of its management review of the ICSC secretariat (A/52/811) had concerned areas that went beyond the Board's mandate. With respect to the report of the Working Group on the Consultative Process and Working Arrangements and the Commission's comments and decisions thereon, the proposals put forward would strengthen the Commission's decision-making process and the authority of those decisions.

2. In response to the observations of the Consultative Committee on Administrative Questions (CCAQ) contained in paragraph 41 of the ICSC report, he emphasized that the election of experts to the Commission was the prerogative of the General Assembly. He welcomed the proposal contained in annex II, paragraph 19, of the ICSC report, to the effect that working groups consisting of representatives of all parties concerned should be established for the consideration of all key issues. With respect to paragraph 54 of the report, he would like information on the status of the request for a legal opinion and clarification of the condition laid down for the implementation of the Working Group's proposals. Particular attention should be paid to the linguistic abilities of the ICSC secretariat members; in that regard, the Working Group's proposal on the establishment of a consultation mechanism among all the parties concerned deserved further consideration.

3. On the issue of the comparator, he reaffirmed that the Noblemaire principle should be the basis for determining the conditions of service of staff in the Professional and higher

categories. Lastly, in view of the complexity of establishing a single post adjustment index for Geneva, he hoped that the Geneva-based organizations would provide the additional information mentioned by the Commission in paragraph 145 of its report so that it would be in a position to respond fully to the request made by the General Assembly.

4. **Mr. Orr** (Canada), speaking on behalf also of Australia and New Zealand, said that, although ICSC had succeeded in preparing recommendations based on sound and impartial interpretations of fundamental principles such as the Noblemaire and Flemming principles, its work could always be further improved. In that connection, he welcomed the observations and recommendations of the Board of Auditors in relation to its management review of the ICSC secretariat. Regular audits of the Commission's activities should be carried out as a means of enhancing transparency.

5. The report of the Board of Auditors (A/52/811) provided valuable insight into the Commission's technical interpretations and implementation of the General Assembly's policy decisions. Those interpretations tended to result in higher pay levels for United Nations staff than would otherwise have been the case. For example, the techniques used to determine General Service salary scales had resulted in salary increases in cases where the outcome should have been the opposite. In line with the Flemming principle, General Service salaries should be based on surveys that were representative of the local employment market, not an exclusive sample of the best of the best, and should be established at the 75th percentile of the local market in accordance with those surveys. The Commission should follow up on that issue in the light of the observations of the Board of Auditors.

6. The management review had also detected problems with the surveys used to establish the post adjustment for Professional salaries. Household expenditure questionnaires and data collection methods should be improved so that they would yield more accurate expenditure weights. Since the expansion in the number of private- and public-sector employers with international staff had led to the establishment of service companies that provided, at minimal cost, information on salaries for local and international staff at most United Nations duty stations, ICSC should compare the information it used with that provided by such companies; in time, some of those services could be outsourced on a cost-effective basis. He was concerned about the definition of the Noblemaire principle contained in the report of the Board of Auditors, which differed from the accepted definition contained in the ICSC report. He disagreed with the Commission's observation that the current comparator was no longer the best, since there were

problems with the methodology used to identify the highest paid civil service. In particular, the methodology used to determine the potential comparator had differed from the one applied to the current comparator.

7. He was disappointed that the Commission had failed to recommend a Geneva post adjustment that fully reflected the cost of living of all staff at that duty station, despite the General Assembly's repeated requests for action on that issue. The 30 per cent of such staff who lived in areas surrounding Geneva benefited from a post adjustment based solely on Geneva prices, even though the cost of living in those areas was about 18 per cent lower than that in Geneva. Methodological and legal solutions could and should be pursued before the next salary survey in Geneva in the year 2000. The Commission should seek an advance ruling from the Administrative Tribunal on any proposed response to the General Assembly's request.

8. He welcomed the progress made towards normalizing working relations between ICSC and the staff organizations, and was pleased that the Commission had adopted the substance, if not always the letter, of the constructive recommendations made by the Working Group on the Consultative Process and Working Arrangements. Although he saw no need to change the structure of the ICSC membership, he believed that the Working Group's proposals concerning the skills and qualifications that should be required of ICSC members would provide a sound basis for broad acceptance of the Commission's decisions. That issue should be considered further by the Fifth Committee and should be included in the review of ICSC recommended by the Secretary-General. The terms of reference for that review should reflect the current challenges to the integrity and long-term viability of the common system, and should cover issues such as the appointment of ICSC members and the feasibility of outsourcing data collection.

9. Ms. Cardoze (Panama), speaking on behalf of the Rio Group, said that the Commission's new focus on human resources management issues, in addition to its traditional consideration of remuneration levels, was particularly appropriate at a time of reform and change. Since the Commission had adopted, with slight adjustments that were within its competence, the recommendations of the Working Group on the Consultative Process and Working Arrangements, she hoped that both the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) and the Federation of International Civil Servants' Associations (FICSA) would resume their full participation in the Commission's work. Full independence must be maintained in relation to the election of members to the Commission.

10. She was pleased that the Commission, within its current capacities, had begun to implement some of the recommendations of the Board of Auditors, particularly with respect to the creation of a personnel database for the organizations of the common system and the introduction of a computerized integrated management information system. On the issue of recognition of language knowledge in the common system, the Commission's proposal to replace the current incentive system with a non-pensionable bonus would align the treatment of Professional staff with that of General Service staff. The Commission's recommendation had the advantages of establishing a clearly identifiable incentive and providing for periodic confirmation that language skills were maintained.

11. With respect to the possible partial phasing out of the expatriate elements of the margin for staff with long service at one duty station, the Rio Group felt that there were insufficient grounds for any change. ICSC had already considered the issue in 1985 and had informed the General Assembly of the difficulties in quantifying the various elements of the margin. The Commission's new study on the issue had confirmed those conclusions. With respect to gender balance in the United Nations system, she was concerned to note that, although the situation had improved, it was still far from the goal of parity. She hoped that the organizations would hire more women, especially from developing countries, and that the study to be conducted by ICSC in 2001 would show more satisfactory results.

12. She welcomed the establishment of the Working Group on Framework for Human Resources Management and hoped that it would make useful and innovative recommendations on guiding principles for the common system. She also welcomed the information that changes in the post adjustment for New York were not automatically transferred to other duty stations and, especially, that they did not encroach on the General Assembly's responsibility of determining pay levels through the management of the margin. She supported the Commission's conclusion that no change in the current system should be considered for the moment. On the subject of the Geneva post adjustment, she concurred with the Commission's conclusion that a single index for Geneva could not be established as yet, owing to complex technical, legal and administrative difficulties.

13. The Commission's recommendations on the evolution of the margin, the base/floor salary scale, staff assessment, the education grant and dependency allowances were based on previously accepted methodologies. The Rio Group was pleased that ICSC was studying the problem of very low margins at the higher levels of the common system, and hoped that a satisfactory solution would be found. It also

noted that the Commission would, in its study in 2001 on the identification of the best paid national civil service, consider the use of a basket of comparators. Lastly, she commended ICSC for its rapid and efficient response, on short notice, to the General Assembly's request that it should examine the Code of Conduct proposed by the Secretary-General in document A/52/488.

14. Mr. Nee (United States of America) said that his country strongly supported the Commission's role in regulating and coordinating conditions of service for the staff of the common system. In the interest of maintaining the Commission's competence and credibility, he urged all Member States to ensure that their candidates for membership of the Commission had the requisite technical expertise and experience. He cautioned against over-reliance on tripartite consultation in the Commission's work, since the Commission must base its decisions and recommendations on the conclusions it reached as a thoroughly independent technical body. With respect to the Commission's decisions on the consultative process, its reports should contain information on all the views expressed by the individual ICSC members, even in the case of consensus decisions, since the members were independent experts who brought different types of knowledge and experience to their job.

15. He supported the Commission's recommendations on the base/floor salary scale, the corresponding staff assessment scale and dependency allowances. He trusted that the financial implications of those recommendations would be absorbed from within the current budget level. Moreover, he agreed that the current language incentive programme for staff in the Professional and higher categories should be replaced with a non-pensionable bonus. That approach would clearly and closely link the programme's purpose to the benefits received, thereby better enabling the organizations to encourage the acquisition and use of language skills, and would make the incentive programme easier to administer and evaluate. He also agreed that payment of the bonus should be subject to periodic retesting and certification of actual use of language skills. His delegation might accept the Commission's recommendations on the education grant, but would like assurances that the grant was not being paid to staff members living in their home country and that controls were in place to ensure that the grant was paid only in cases in which it would clearly facilitate the child's re-assimilation into the staff member's home country.

16. He encouraged ICSC to continue to foster a culture that encouraged full participation by women throughout the common system. Every effort must be made to remove the

glass ceiling at the P-5 level through the recruitment and promotion of women to senior policy-level and decision-making posts. With respect to the treatment of expatriation, he was concerned about the suggestion, in paragraph 110 of the report, that the international civil service should be compared to the foreign service of the comparator country. That was not a valid comparison, owing to factors such as the length of expatriate assignments in the latter service, and was contrary to the Noblemaire principle. Also contrary to that principle was the indication, in paragraph 88 (d) (i), that the Commission intended to study the use of a basket of comparators.

17. The Commission had not made a convincing case for the retention of the supplemental daily subsistence allowance (DSA). Although he welcomed the management review of the ICSC secretariat, he was disappointed that the review had not focused more on how the Commission carried out its day-to-day activities, its allocation of resources for major programme objectives, its methods of ensuring the accountability of its managers and its overall effectiveness and efficiency. His delegation had long been concerned about the need to adjust the margin so that all grade levels were brought within the prescribed limits, and looked forward to the Commission's proposals on cost-neutral ways of improving the situation. Lastly, he was greatly disappointed that the Commission had been unable to respond to the General Assembly's repeated requests for the establishment of a single post adjustment index for Geneva. The time had come to correct the situation, and the Commission should proceed without further delay to establish two separate post adjustments for Geneva.

18. Mr. Ivaschenko (Ukraine) said that he supported most of the conclusions and recommendations contained in the Commission's report and welcomed the fact that the Commission had responded positively to the recommendations of the Board of Auditors concerning the management review of its secretariat. His delegation supported the Commission's decision to increase the base salary and dependency allowances for Professional and higher categories of staff. Such steps were necessary to reflect the increases in the comparator's salary scale and the value of tax abatements and social benefits at some duty stations. It also shared the Commission's view that the local currency entitlement for dependency allowances for hard currency duty stations should be maintained and that the amount of the allowance should be appropriately reduced in cases where dependants were subsidized by their respective Governments. However, the issue of changing the current comparator should be raised only after the Commission completed a comprehensive study of the problem.

19. His delegation recognized the complexity of post adjustment issues for the Geneva-based organizations. It urged the Commission to come up as soon as possible with concrete proposals for the establishment of a single post adjustment index for Geneva that would ensure the purchasing parity of staff serving in Geneva-based organizations, irrespective of their place of residence. The language incentive should remain a tool for encouraging the proficiency of staff in the Organization's working languages, and his delegation concurred with the Commission's recommendations to replace the current language incentive by a non-pensionable bonus.
20. Given the broad scope of its activities, the Commission should have direct access to a centralized, comprehensive and up-to-date human resource database for each organization of the common system. In that connection, utilization of the Integrated Management Information System for the gathering, transmission and processing of information could greatly facilitate the Commission's technical work.
21. His delegation attached particular importance to the issue of gender balance and welcomed the Commission's decision to develop a set of guidelines for those with decision-making responsibilities to support accountability for ensuring gender balance. The achievement of equal proportions of men and women in the international civil service should not, however, be seen as an end in itself. Recruitment must be based on the principles of equitable geographical representation and selection of the best qualified candidates. The Commission should also play a more active role in the formulation of career development policies in the United Nations. Its decision to create a working group to examine a framework for human resources management was therefore welcome.
22. Lastly, his delegation welcomed the constructive exchange of views between the representatives of ICSC, FICSA and CCISUA within the framework of the ICSC Working Group on the Consultative Process and Working Arrangements, which had resulted in a number of compromise decisions. Implementation of those decisions, however, should not affect the decision-making authority of the Commission itself or hamper the efficiency of its work. His delegation fully shared the Commission's view that before any amendments were made to its rules of procedure a legal opinion should be sought in order to avoid unpredictable legal consequences and to ensure that such amendments were not in conflict with the Commission's Statute.
23. Mr. Park Hae-yun (Republic of Korea) said that in order to maintain high standards of efficiency, competence and integrity among United Nations staff, conditions of service must be attractive and fully competitive. In that connection, the common system, by ensuring consistency and equality in conditions of service throughout the United Nations system, and the Commission, which operated as an independent, technical and professional body answerable to the General Assembly, played essential roles. With regard to the application of the Noblemaire principle, changes in the current methodology should be made only after a thorough review of the resulting technical and organizational complications and financial implications. His delegation shared the Commission's view that it would be inopportune to change the current comparator at the current stage and that the possibility of using a basket of comparators should be reviewed. It also supported the Commission's recommendations on a 2.48 per cent increase in the common system's base/floor salary scale, increases in dependency allowances, adjustment of the education grant, recognition of language knowledge and hazard pay. Further research was needed on the elements of expatriation and the establishment of a single post adjustment index for Geneva. Any changes in the current salary structure, however, should be made in such a way as to encourage career development and to provide more incentives for better performance.
24. His delegation welcomed the progress achieved by the ICSC Working Group on the Consultative Process and Working Arrangements and encouraged all the parties concerned to participate fully in the process. It stressed the importance of the Commission's independence in discharging its responsibility for regulating and coordinating the conditions of service of the staff of the United Nations common system.
25. Mr. Medina (Morocco) said that his delegation shared the views expressed by the representative of Indonesia on behalf of the Group of 77 and China, but wished to highlight some additional aspects of the Commission's report. With regard to the report of the Board of Auditors on the management review of the secretariat of ICSC, the Commission should perhaps be invited to clarify the situation and to propose to the General Assembly any amendments to its Statute which it might deem helpful. Additional information should also be sought from the Board of Auditors. The results of the work of the ICSC Working Group on the Consultative Process and Working Arrangements were on the whole positive. His delegation supported in particular the Working Group's proposals concerning the Commission's working methods. On the question of information gathering, documentation in all the

official languages should be made available to the Commission within the deadlines proposed by the Working Group. With regard to decision-making and the role of the Commission secretariat, ICSC should be requested to continue the review of its Statute and of the composition of its secretariat and to report thereon to the General Assembly.

26. His delegation noted that some aspects of the conditions of service of United Nations staff continued to present difficulties and stressed the need for a reliable database in order to facilitate decision-making by the Commission. Recognition of language knowledge in the United Nations was the only issue on which a vote had been taken in the Commission. His delegation emphasized the importance of taking such knowledge into account in the recruitment and promotion of staff and of extending the same treatment to all the official languages of the United Nations, without favouring any one language over another.

27. **Mr. Kabir** (Bangladesh) said that his delegation fully shared the views expressed by the representative of Indonesia on behalf of the Group of 77 and China but wished to make a number of additional points. The Commission had been doing a satisfactory job of regulating and coordinating conditions of service in the United Nations common system. There was therefore no justification for reviewing its Statute at the current time. In considering the suggestion to establish a review group to examine various aspects of the Commission's work, the General Assembly should take into account all relevant factors, including the need to maintain the Commission's independence and effectiveness.

28. The consultative process which had been initiated the previous year had generated valuable inputs for the Commission's decision-making process. All the parties concerned should show flexibility and engage in constructive dialogue with the Commission. His delegation supported the idea that conditions of service must be made attractive and competitive and believed that the Commission's recommendations would contribute to that end. The Commission's decision to create a working group to examine a framework for human resources management was a welcome one which would help to address the various aspects of human resources management throughout the common system.

29. The situation with regard to the Board of Auditor's recommendations on the management review of the ICSC secretariat needed further clarification, especially since the Commission had implemented a number of the Board's recommendations even though it claimed that the Board had exceeded its mandate by calling into question decisions of the Commission and of the General Assembly.

30. **Mr. Yao Xiaodong** (China) said that his delegation appreciated the positive attitude which the Commission had adopted in responding to the recommendations of the Board of Auditors, even though a number of questions needed further study and clarification. It also welcomed the pragmatic attitude and spirit of cooperation which all sides had demonstrated in discussing the consultative process and working arrangements. It believed that United Nations audits should be carried out within the framework of General Assembly mandates.

31. With regard to the conditions of service of the Professional and higher categories, his delegation had noted the Commission's conclusions with respect to the comparator civil service, narrower margins for higher categories, the treatment of expatriates and post adjustment, and it shared the Commission's view that some related questions required further study. It agreed in principle on the need for periodic adjustments to the salary levels and benefits of the common system and supported the formulas which the Commission had proposed.

32. His delegation appreciated the Commission's work and activities on a framework for human resources management. Some of the Commission's proposals, such as the establishment of a data bank for recruitment, seemed interesting. International civil servants were the most valuable asset of the United Nations system and the necessary measures should be taken to guarantee their security.

33. **Ms. Nyirinkindi** (Uganda) said that the Commission's report was balanced and fair. It contained a reasonable set of measures which reflected the need to maintain an international civil service of the highest standards of efficiency, competence and integrity in the context of the scarce resources available to the Organization. Her delegation shared some of the concerns which had been expressed by the representatives of FICSA and CCISUA, particularly those relating to the conditions of service and the security of staff in the field.

34. In order to attract and retain international civil servants of the highest calibre, remuneration and conditions of work must also be attractive. In that connection, her delegation reiterated its commitment to the Noblemaire and Flemming principles and noted that, as a result of current conditions of service, some Governments had resorted to making supplementary payments to their nationals employed in the common system. Failure to provide remuneration which took fully into account the conditions of service of the highest paid national civil service would continue to expose staff to pressures and make it impossible for the Secretary-General

to retain staff of the highest standards of efficiency, competence and integrity, as required under the Charter. There was room for significant improvement in the security arrangements for staff in the field and the Secretariat office responsible should brief the Committee on the measures it had instituted to reduce the risk of loss of life.

35. Her delegation shared the Commission's view that the Board of Auditors had exceeded its mandate in some of its conclusions and recommendations. Lastly, it was pleased to note that the staff unions and associations had participated in consultations with a view to improving the efficiency of the Commission's work.

Agenda Item 121: United Nations Pension System
(continued) (A/53/9 and A/53/511; A/C.5/53/18)

36. **Mr. Orr** (Canada), speaking on behalf also of Australia and New Zealand, said he regretted that the United Nations Joint Staff Pension Board had had to resort to voting on a number of recommendations in its report (A/53/9) and expressed the hope that the Board would be able to reach its decisions by consensus in the future.

37. He noted from the table in paragraph 20 of the report that, as at the date of the most recent actuarial valuation of the Fund, the current contribution rate of 23.7 per cent of pensionable remuneration was slightly more than the required rate and that the table entitled "funded ratios" in paragraph 24 of the report indicated that, on a "plan termination" basis, the Fund had 141 per cent of the assets required to meet its obligations. However, the report also stated that, if future pensions were adjusted for inflation and the two-track system was maintained, the Fund would have only 88 per cent of the assets required to meet future liabilities. He asked for an explanation of the differences between those two methods of valuation.

38. With reference to the use of benchmarks to measure investment performance, he said that the wide geographical diversification of the Fund did not preclude comparison of its portfolio performance with appropriate national or regional benchmarks and asked how the Fund's United States portfolio had performed in relation to United States pension funds. In view of the complexity and diversity of world financial markets, he had been pleased to learn that the Fund had engaged the services of four external investment advisers.

39. It was gratifying to note that the Board had begun to address the issue of benefits for former or legally separated spouses. In that connection, the implementation of the amendments to article 45 of the Administrative Rules of the Fund would make it more difficult for participants to evade

their legal obligations by using the immunity of the Fund. However, the delegations he represented would have preferred the amendment to go further by excluding the need for consent by the participant. The next step would be for the Pension Board to further review the article at its next meeting with a view to establishing authority to act without the participant's consent if there was a legally binding court order or settlement agreement.

40. **Mr. Deineko** (Russian Federation) said that recent events, particularly the financial crisis in Asia the consequences of which the Fund had largely been able to avoid, and the Fund's overall performance in recent years, had shown the soundness of its strategy of concentrating on long-term investment.

41. While the outcome of the most recent actuarial valuation of the Fund was a source of satisfaction to his delegation, he warned against any taking any hasty decisions on that basis since the Fund's future actuarial position was subject to a number of imponderables. In the view of his delegation, once the positive trend in the actuarial balance had been maintained for a considerable period of time, the Board should, in the first instance, make a proposal on the reduction of contributions. In that context, his delegation was cautious about the decision of the Board to reduce the interest (discount) rate for lump-sum commutations of periodic benefits and was, moreover, disappointed that it had been necessary to vote on the matter. He noted that the final decision to be taken by the Board on the rate applicable to lump-sum commutations would be subject to a favourable actuarial valuation as at 31 December 1999.

42. Referring to the Fund's administrative arrangements, he said that the matter had been carefully studied both by the Fund's secretariat and by the Board, with an emphasis on the long-term implications of any possible change. His delegation fully supported the recommendations of the Board in that connection. It also supported the Board's recommendation on the revised budget estimates and was ready to consider positively the proposed reclassifications of the posts of Secretary of the Fund and Chief of the Investment Management Service.

43. On the subject of the pension adjustment system, his delegation felt that sufficient reasons had not been given to justify the Board's proposal in paragraph 339 of its report (A/53/9) to reduce the threshold for effecting cost-of-living adjustments of pensions in award from 3 to 2 per cent, and believed that the matter should be addressed once the improvement in the Fund's actuarial position had become well established. On that matter too, his delegation regretted that the recommendation had required a vote; it called on the

Board to avoid voting in future and to keep to the principle of taking its decisions by consensus. He drew the attention of the Secretary and the Chairman of the Board to the work being done by the International Civil Service Commission on human resources, particularly with regard to the increasing tendency in the public service, including the international civil service, to carry out a number of tasks with the assistance of outside experts engaged for short periods.

44. On the subject of the proposed agreement between the Government of the Russian Federation and the Pension Board on former participants in the Fund from the former Union of Soviet Socialist Republics, he said that the issue had been a matter of concern for the Government of his country ever since the General Assembly had concurred with the proposed agreement in 1996. Despite considerable efforts to achieve progress in that area, the work had taken much longer than expected and the problem had been exacerbated by the current financial situation in his country, including the need to address a number of social protection issues involving the most vulnerable population groups. His Government was making efforts to find acceptable ways of overcoming the current situation and was still considering the legitimate demands of former employees of the United Nations system. An invitation had been sent to the senior officials of the Fund to visit Moscow the following year, by which time it was hoped that more favourable conditions for the implementation of the agreement would prevail. In conclusion, he expressed the hope that the General Assembly would regard the situation with understanding and assured the Committee of his Government's serious intention to find a solution to that complex and delicate problem as soon as possible.

45. **Mr. Ivashenko** (Ukraine) said that his Government was keeping the question of the pensions rights of former citizens of the USSR who had contributed to the United Nations Joint Staff Pension Fund under review and pointed out that his country was not responsible for the fact that the actuarial value of the pensions rights accrued by individual former participants in the Pension Fund who were formerly citizens of the constituent republics of the USSR had been transferred to that country's social security fund. His Government would continue to seek a fair solution for its own nationals who were entitled to pension rights and would work with its partners to that end.

46. **Ms. Nyirinkindi** (Uganda) said that, while her delegation was pleased to note that the Board of Auditors had recognized that the operations of the Pension Fund had been carried out satisfactorily, it stressed the importance of providing appropriate insurance coverage for the assets of

the Fund in order both to ensure security and to avoid unnecessary cost increases. For the first time since the end of 1978 the Fund had a small actuarial surplus of 0.36 per cent of pensionable remuneration, due mainly to the strengthening of the United States dollar. She cautioned that actuarial surpluses resulting primarily from exchange rates were unpredictable and volatile. Her delegation was disappointed that the Board, rather than work towards a consensus decision, had decided by a vote to lower the interest rate applicable to lump-sum commutations from 6.5 to 6 per cent with respect to contributory service performed as from 1 January 2001, subject to a favourable actuarial valuation as at 31 December 1999. It also regretted that the Board had again abandoned the spirit of consensus in voting on the reduction in the threshold for effecting cost-of-living adjustments of pensions in award. It supported the recommendation of ACABQ in paragraph 7 of its report (A/53/511) that the matter be maintained under review in the light of the results of future actuarial valuations of the Fund.

47. On the subject of the present contribution rate of 23.7 per cent of pensionable remuneration, her delegation agreed with the Committee of Actuaries and ACABQ that it should remain unchanged and that the Board, as stated in paragraph 6 of the ACABQ report, should continue to monitor the evolution of the actuarial variation of the Fund and that no reduction in the current rate of contributions should be contemplated until a pattern of surpluses emerged in future valuations.

48. As for the investments of the Fund, her delegation welcomed the positive returns achieved and expressed its appreciation to the Investments Committee, the Investment Management Service and the advisers. As in the past, the long-term investment objectives of the Fund should be pursued by concentrating on the established criteria of safety, profitability, liquidity and convertibility, while the wide diversification of the Fund's assets would assist in avoiding risk and would protect the Fund from large losses.

49. Her delegation supported the cost-sharing arrangements between the Fund and the United Nations, acceptance of which was recommended by the Board in paragraph 202 of its report (A/53/9), and took note of the pressing need for a new accounting system for the Fund which should be fully operational by 1999. It also supported the Board proposals concerning the reclassification of the posts of Chief of the Investments Management Service and Secretary of the Board and the proposal in paragraph 28 of the ACABQ report that the Secretary should in future be known as the Chief Executive Officer of the Fund. In view of the suggestion in paragraph 27 of the ACABQ report that the appropriate level for the post of the Chief Executive

Officer of the Pension Fund would be that of Assistant Secretary-General, she said that it might be necessary for the General Assembly to consider the appropriate level of the post of the Fund's Deputy Chief Executive Officer.

50. Her delegation found it difficult to understand the reasons underlying the possible withdrawal of ICITO/GATT from the United Nations Joint Staff Fund, in particular the argument that it was difficult for the World Trade Organization to attract staff of the required standard as a result of low pay and less attractive incentives. Since the member States of the World Trade Organization were broadly the same as those of other organizations in the United Nations common system that reasoning appeared to imply a double standard. Her delegation believed that the General Assembly should take immediate steps to establish the conditions under which an organization was admitted to the Fund and the conditions under which it might withdraw.

The meeting rose at 5 p.m.